Investment Idea / IPO Note

PMW International Berhad

Remains at Pole position

By Lee Cai Yu

BUY

IPO Price: RM0.34

Fair Value: RM0.48

PMW International Berhad (PMW, 0379) specialises in the design and manufacturing of spun concrete poles, piles, and related structures for electricity, telecommunications, street lighting, transportation, and advertisement poles. The Group also produces moulds, machinery, and metal components, complemented by rental services for its moulds and equipment. We projected PMW to register core net earnings of RM21.9m for FY25F and RM25.0m for FY26F. Our fair value of RM0.48 is based on a 17× FY26F PER, reflecting about a 20% discount to the PER of the Bursa Malaysia Industrial Products & Services Index.

PMW's upcoming Tanjung Manis facility in Sarawak marks a pivotal step in its long-term expansion strategy. The facility is expected to produce 122,000 tonnes of spun piles and 6,200 tonnes of spun poles annually, which will lift the Group's total production capacity by 55.7% to ~358k tonnes. Its strategic location near key Sarawak's development corridors enhances PMW's access to major state-driven infrastructure projects while establishing a competitive moat that is difficult for its peers to replicate.

Profitability is set to improve through the acquisitions of Winabumi and PMW Concrete, which have strengthened PMW's vertical integration. By internalising core production processes and improving control over raw materials, labour, and manufacturing efficiency, the Group has achieved better margins, enhanced pricing flexibility, and reduced dependence on external suppliers. These subsidiaries now anchor PMW's core operations in the manufacturing of prestressed spun concrete poles and piles.

Demand remains robust, supported by Malaysia's ongoing power network modernisation. Under TNB's RP4 (2025–2027), rising investments in rural electrification, renewable energy integration, and data-centre-related upgrades will sustain demand for PMW's poles and foundation structures. With TNB and SESB as key clients, the Group is well positioned to benefit from the recurring replacement cycles and ongoing grid-improving initiatives. Beyond utilities, PMW is also set to capture the growing demand from Malaysia's 5G and fibre rollout. Investments by major telcos will increase the need for poles, monopoles, and steel structures. Backed by a proven supply record across Peninsular and East Malaysia, PMW is well placed to remain the preferred supplier as network densification accelerates.

With an order book of RM134.9m as of Sep 2025, PMW enjoys solid earnings visibility. Overall, we remain positive on the Group's outlook, backed by its (i) strong demand pipeline, (ii) strategic East Malaysia expansion, and (iii) participation in national grid and digital infrastructure upgrades. Its net cash position post-IPO further enhances financial resilience and supports long-term growth.

KLCI	1,627.43
YTD FBM KLCI change	-0.91%
YTD FBM SC Index change	-9.90%

Stock Information

Market Cap Upon Listing (RM'm)	303.3
Enlarged Share Capital (m)	892.1
Shariah Compliant	Yes

IPO Proceeds (RM'm)

Capital expenditure requirements:	
(a) Construction of a new facility at Tanjung Manis, Sarawak	46.7
(b) Purchase of new machinery and equipment	0.6
Working capital requirements	5.7
Estimated listing expenses	7.7
Total	**60.7**

Major Shareholders

Lee United Holding SB	62.6%
JR Silverline SB	7.4%

Summary Earnings Table

FY Dec (RM'm)	2024A	2025F	2026F	2027F
Revenue	165.3	184.9	214.1	247.4
EBIT	25.4	33.1	37.8	44.1
Pretax profit	23.7	31.1	35.6	41.5
PAT	**17.4**	**23.7**	**27.0**	**31.6**
Core PATAMI	**16.0**	**21.9**	**25.0**	**29.4**
Consensus	-	-	-	
Core EPS (sen)	1.8	2.4	2.8	3.3
EPS growth (%)	11.7	36.9	14.6	17.3
DPS (sen)	-	-	-	-
PER (x)	19.0	13.9	12.1	10.3
BV/Share (RM)	0.09	0.14	0.17	0.20
ROE (%)	21.5	21.4	18.1	17.7
Div. Yield (%)	-	-	-	-

Sources: Prospectus, Rakuten Trade Research

COMMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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